

THE PRAIRIE WHEAT GROWERS' PROBLEMS

With some observations upon

THE NATURE OF PARITY

THE SEARLE INDEX

and

HOW TO GIVE OUR PRAIRIE FARMERS
A REASONABLE WHEAT PRICE AND STILL
MAINTAIN THE LOWER OFFICIAL CEILING PRICE

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"Farmers in producing countries would have legitimate cause for complaint if, in creating reserve supplies, the price level were allowed to suffer by an artificial disparity between supply and demand."—Broomhall, Liverpool.

PREFACE

Since 1930 our prairie farmers have been enduring serious hardships. Owing, however, to the recent increased demand from England for bacon, cheese, wool, eggs, etc., farmers producing livestock products are now reasonably well off. Wheat growers, however, are still in difficulties. Their distressful condition has been brought about by two causes of recent origin:—

- (1) That the things they have to buy, as revealed by the Searle Index, cost on the average 50.8 more today than they did in 1913-14.
- (2) That the price of wheat at the farmer's average country point is 17% lower than it was in 1913-14.

It is this serious gap between the high cost of the things farmers buy, and the low price of wheat that is the seat of the trouble, for it means that a bushel of wheat today has a purchasing power of only 54% of what it had in 1913-14.

On the next page is printed a chart which sets out this serious condition in visual form.

Since 1930 the Searle Grain Company, through its Research Department, has drawn attention to the unfortunate condition of our farmers and particularly of our wheat growers. So that this serious problem might be kept in front of the eyes of our Governments and of others the Searle Grain Company designed in 1930, and started publishing in 1933, what is termed the Searle Index, which is simply a method of keeping account of the fluctuations of the costs of the things farmers buy and of the fluctuations of the purchasing power of a bushel of wheat.

The whole situation has recently been greatly complicated by the fixing of an official ceiling price for wheat, which it is expected will be no more than about 82¾ cents a bushel for No. 1° at Ft. William.

The Searle Grain Company has suggested a method of maintaining this ceiling price—which the Government assures us must be done—and at the same time of paying our farmers a price of \$1.20 a bushel for 1 Northern at Fort William, which would be the equivalent of \$1.00 a bushel to the farmer at his average country point. This price being chosen because it restores to wheat its 1913-14 parity or purchasing power.

On December 10th the Dominion Government set a price of \$1.26 a bushel on Montreal basis—this equals an average of \$1.12 at growers' country point—for all soft wheat produced by Ontario farmers.

It is the firm belief of the Searle Grain Company that our wheat growers and those who depend upon them cannot have even a reasonable amount of prosperity until this 1913-14 parity or the 1913-14 purchasing power of wheat is restored.

In the following pages the Searle plan is set out, together with supporting arguments. Then going forward through this booklet will be found a few abstracts—out of many similar articles written—from the Searle Grain Market Features Letters for each year for many years back, which show how the gap between the costs of the things farmers have to buy and the price of wheat has gradually widened since 1930, and which abstracts reveal too, how for many years past the Searle Grain Company over and over again has advocated that the purchasing power of a bushel of wheat shall be restored to its 1913-14 parity.

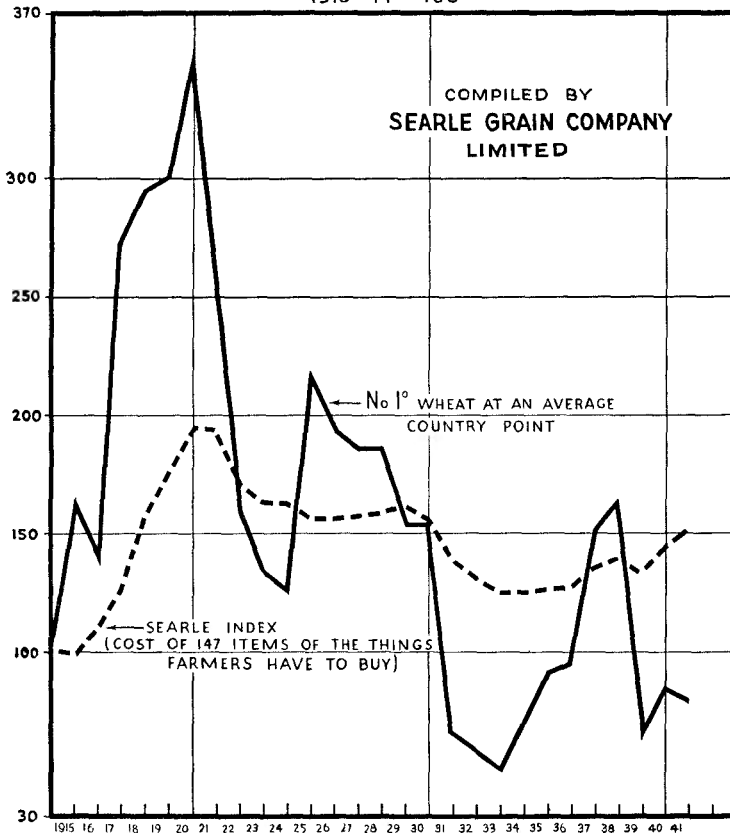
It will be observed too, how throughout the years we have persistently expressed the opinion that until the 1913-14 parity or purchasing power of wheat is restored, there could not be even moderate prosperity for our prairie wheat growers.

The prices of the things farmers have to buy have risen because of several fundamental causes, of which the high Canadian tariff is the most notable. What we have done, and are continuing to do without respite, in drawing attention to the necessity of lower tariffs, so that our farmers may sell more wheat and buy things at a cheaper price, will be set out in a separate booklet to be published shortly.

(Searle Grain Company, Ltd.)

"For the labourer is worthy of his hire."—ST. LUKE 10-7.

THE PRICE OF WHEAT
and THE COST OF THINGS FARMERS HAVE TO BUY
1913-14 = 100



This chart reveals at a glance the wide gap that exists between the price of wheat and the cost of the things farmers have to buy; the price of wheat being now 25% **lower** and the cost of the things that farmers have to buy being 50% **higher** than in 1913-14. It will be observed further that excepting for a brief period in 1937 and 1938 when wheat was relatively scarce, and so high in price, that this wide gap, which brings now, and has brought, such serious difficulties to our wheat growers, has actually existed since 1930.

During the past eleven crop years our farmers have delivered to market 3,084 million bushels of wheat. They have received for this in cash 1,709 million dollars. Had all these bushels of wheat enjoyed the same purchasing power as a bushel of wheat did in 1913-1914 or been at so-called "parity" level—and no one considers wheat had too great a purchasing power in 1913-14—our farmers would have been able to pay for additional goods, commodities, services, debts and so forth to the additional value of 1,127 million dollars.

Here, then, we see in a nutshell the real cause of our farmers' troubles during the past 11 years; and incidentally we see the reason for the difficulties of many merchants and others who depend directly and indirectly upon our farmers for their own living.— (*Searle Grain Company, Ltd.*)

WHAT DOES "PARITY" MEAN ?

"Parity" when used in connection with the price of agricultural products simply means that such products are at such a price as will enable a bushel of wheat or a hundred pounds of hogs, of sheep, or of cattle, to buy the same quantity and quality of the goods and services farmers have to buy as these products—wheat and others—did buy in 1913-1914. This, too, is the official explanation by the United States Government of the word "parity". The U.S. Government has adopted as a settled policy a program to have the prices of their agricultural products at "parity".

To calculate the price any product should have to be at "parity" is simple. Take the 1913-1914 price and multiply it by the current index number of the cost of the things farmers have to buy. For instance in 1913-1914 the price of wheat to an American farmer was 88.4 cents a bushel. The cost of the things he has to buy averages now 133, as compared with 100 in 1913-1914. 88.4 cents multiplied by 133 equals \$1.17, which should be the price of wheat now to American farmers at their farms in the United States if wheat is to be at parity. (It actually is about this today.)

The price of wheat in Canada in 1913-1914 to the farmer at the average country point was 67¾ cents a bushel, and the cost of the things farmers buy, according to the Searle Index, has now risen to 150.8 as compared with 100 in 1913-14. 67¾ cents, therefore, multiplied by 150.8 equals \$1.00 which should be the price of wheat now to farmers at their farms on the prairies if wheat is to be at parity. (It actually is 54 cents). \$1.00 at the farm equals about \$1.20 for No. 1 Northern at Fort William.

(Searle Grain Company, Ltd.)

Special Note: It is to be noted that there is an important difference between the Searle proposal and those suggestions which advocate simply the raising of the wheat ceiling price. The Searle advocates the payment actually to farmers of \$1.20 a bushel for No. 1 Northern at Fort William, which means \$1.00 at the average country point, regardless of any set ceiling price, whereas if the ceiling price should be raised from 82¾ cents to a \$1.00, or even to \$1.20 it does not follow that farmers would of necessity receive any benefit from the increased ceiling price, for neither the Wheat Board nor the open market price of wheat might rise to any such set ceiling price.

HOW TO HELP OUR WHEAT GROWERS

And Conform With The Official Price Ceiling Law

A ruinous inflation is feared. To avert the threatened menace the Government of Canada has decided by law to stabilize wages at present levels. In fairness to industrial labour this requires that the cost of living, and so the retail prices of all goods, commodities and services, must also be stabilized at present levels. To make this possible the law requires that all raw materials, products and commodities, shall be sold to processors and manufacturers at present levels, or at levels that are no higher than the highest quotation between September 15th, 1941 and October 11th, 1941. Under this formula the ceiling price for wheat would be no higher than 82¾ cents a bushel for 1 Northern Fort William.

The Government most urgently requests the wholehearted support of everyone in Canada for this policy of the stabilization of prices and wages.

The Searle Grain Company hereby declares that it will do everything within its power to assist the Government in making a complete success of the new plan.

The Searle Grain Company, however, at the same time expresses its firm opinion, based on its long and firsthand knowledge and experience of the West, that a price for wheat of only 82¾ cents would bring intense hardship and suffering to farming families. The Searle Grain Company declares, therefore, that while supporting the Government's policy to the very utmost of its ability, it will continue untiringly the efforts it has been making for years past to bring about a condition that is fair to farmers; a condition by which the purchasing power of a bushel of wheat over the things our prairie farmers have to buy rises once again to its "parity" of 1913-1914. (The United States Government has officially adopted this same policy.)

To bring about such "parity" the Searle Index shows that the price of wheat would have to be about \$1.20 for 1 Northern Fort William; which is the equivalent of approximately \$1.00 for 1 Northern to the farmer at his average country point.

How the Government can maintain a ceiling price of about 82¾ for wheat to be sold to millers, and how at the same time our farmers can receive \$1.20 at Fort William, and why our farmers deserve such a price is discussed in the following article:

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WHY OUR FARMERS DESERVE \$1.20 FOR WHEAT

In previous articles in these columns we have endeavoured to set out the extreme difficulties under which our farmers have laboured ever since 1930. Difficulties and hardships brought about mainly because the costs of the things our farmers have to buy have risen steadily, and because at the same time the price of wheat has fallen to a low level, so creating a wide and burdensome gap between the farmer's income and his necessary expenditures.

During long years of extreme difficulties and of some acute suffering, our wheat growers have steadfastly and persistently "carried on" hoping

patiently either that the cost of the things they had to buy would come down, or that the price of their wheat would rise, but costs instead of falling have climbed even higher, and wheat prices have failed to rise. When, therefore our farmers heard that a price-ceiling for wheat might be set at around 82¾ cents, it seemed to them **like starting a race with the farmer's horse still tied up in the stable!**

But Government officials tell us that the set ceiling prices must at all costs be maintained in order to avoid a disastrous inflation which would ruin us all; while farmers and their friends say that a price of 82¾ cents a bushel would impose unwarranted and most unfair hardships upon farming families and would endanger agricultural production. Can these apparently opposite views be reconciled? We believe they can be, and our explanation is as follows:—

The basic reason for the Government's new policy is simply to avoid a feared inflation; it is to be done by means of stabilizing the price of flour and bread, and of the many other things that industrial workers and all of us have to buy, with the object in turn of making it unnecessary for labour to demand higher wages and additional cost of living bonuses.

To hold down the present low prices of flour and bread, it is necessary, of course, that the wheat purchased by millers and others shall have a low ceiling price, but this we suggest does not at all debar farmers from being paid a higher, and so a fairer, price for the wheat they produce.

How is this apparently difficult feat to be accomplished? Quite simply we suggest.

HOW THE GOVERNMENT CAN PAY FARMERS \$1.20 FOR THEIR WHEAT

The Government has recently set up a special organization entitled "The Commodity Stabilization Corporation". The business of this Corporation is to purchase certain raw materials at agreed upon prices, and to resell them whenever necessary at lower prices to processors and manufacturers, all so that these organizations in turn can sell their final products to retailers and so be made available to the public at the designated present ceiling prices, so holding down to present levels the people's cost of living.

The Commodity Stabilization Corporation could quite easily, we suggest, arrange, through the medium of those Companies now purchasing grain, for farmers to be paid a fair price for their wheat, a price higher than the ceiling price. The Corporation would then resell this wheat to millers and others at the ceiling price, and the difference between the higher price paid to farmers and the lower ceiling price charged to millers would be absorbed by the Commodity Stabilization Corporation. It is to adjust just such situations as exists with wheat and other raw materials that the Corporation has been set up.

Justification for giving farmers a higher return for their wheat was contained in the broadcast made on October 18th by the Prime Minister of Canada—the Hon. Mr. Mackenzie King—in discussing ceiling prices. The Prime Minister made a definite promise that measures will be taken

to bring about a more satisfactory relationship with certain agricultural products, especially with wheat, where prices have not kept pace with increases in costs of production.

With all due courtesy, therefore, we take the liberty of suggesting to our Government that regardless of any ceiling price that may be set, The Government should arrange through the Price Stabilization Corporation to pay farmers a fair price for their wheat; which fair price we believe, as we have mentioned in previous articles, should be about \$1.20 for 1 Northern at Fort William, which would be about the equivalent of \$1.00 for 1 Northern at the average country point in the prairie provinces.

IS \$1.20 A BUSHEL FORT WILLIAM A FAIR PRICE FOR WHEAT ?

Once we agree that a fair price for wheat to our farmers will not in any way interfere with the Government's price and wages stabilization policy, we can enquire whether \$1.20 is in fact, in all fairness to farmers and to the people of Canada, a proper price. In two previous articles we have already discussed this matter. Here, however, in this study we approach it from still another point of view.

The price of wheat today is extremely low because of the pressure on the market of a large wheat surplus. If, therefore, there were no surplus at this time, the price unquestionably would be much higher, and no one then could have the slightest objection to a higher price any more than anyone now apparently objects to the present extremely high level of wages paid to industrial workers, or to high prices for many commodities and products other than wheat.

What would be the price of wheat today, we might inquire, if there were no accumulated surplus? We have some guidance in this matter. In 1937-1938 there was a small Canadian surplus and we find the average price for the crop year of 1937-1938 was \$1.31 $\frac{5}{8}$ for No. 1 Northern in store Fort William, also that during the month of January, 1938, the price of wheat actually rose to \$1.54 $\frac{1}{8}$.

It will be seen from this, then, that if the present large surplus were no more than normal, that the price of wheat would be at least \$1.50 a bushel. Certainly if there were now only a normal surplus on the market, the suggested \$1.20 for No. 1 Northern would be considered a rather low price.

If, however, we are to admit that the present price of wheat should be depressed because of the presence of the existing surplus then, to be logical, we must assume that our wheat surplus is a serious **detriment** to the country. But an examination of this question in turn forces us to conclude that the present surplus of wheat far from being a detriment, is actually a most valuable asset to our whole war effort. We have the highest authority for this view, for Mr. Winston Churchill, on August 20th, 1940, said "We shall do our best to encourage the building up of reserves of food all over the world so that there will always be held before the eyes of the people of Europe, including the Germans, the certainty that the shattering of Nazi power would bring to them all immediate food,

freedom and peace.” And Mr. Mackenzie King, on October 18th, 1941, said:—“Wheat held in reserve constitutes an invaluable war asset.”

Our surplus of wheat, furthermore, is a most important munition of war. Men can often fight for a long time without sufficient munitions, but they cannot fight for long without sufficient food. Our large Canadian reserve of wheat, therefore, relieves the minds of our Allied Governments about any fears of a scarcity of food for the Armed Forces.

Then because of the very necessary Allied Blockade of Europe, several hundreds of millions of people undoubtedly are suffering from the lack of sufficient bread. When this war is over it will be an act of no more than simple humanity and decency for the Allies to supply these people with large quantities of wheat. Several of these European countries now actually own considerable amounts of gold and financial credits in the U.S.A. frozen temporarily by that Government. These credits will be available to pay for our wheat which the people of Europe will certainly require as soon as this exhausting war ends.

There is a further and still more important point. Our Ally, Russia, has lost a considerable percentage of her most fertile wheat-producing land. She may lose more. These areas were depended upon to produce wheat for vast numbers of Russian people who live in other parts of that country where they are unable to grow sufficient wheat for themselves. It is quite certain, therefore, that the Canadian surplus will sooner or later be drawn upon to supply our Allies, the Russian people, with quantities of wheat.

OUR WHEAT SURPLUS IS A MOST VALUABLE ASSET

For all these reasons it will be observed that far from our surplus of wheat today being a **detriment**, it is in fact, as our Prime Minister assures us, an extremely **valuable asset**. Indeed, one might go so far as to say that if the present surplus did not exist, we should find the Allied Governments offering high prices and bonuses for the deliberate purpose of inducing our wheat growers to build up just such an important wheat reserve for military purposes as today actually exists.

Under these circumstances, therefore, it only seems fair to our farmers that the weight of the wheat surplus on the market today should be completely ignored in considering a proper and fair price, and so again we repeat that in our opinion a fair price to farmers would be its “parity” level of 1913-14 which we calculate would be \$1.20 for No. 1 Northern in store Fort William, the equivalent of which would be approximately \$1.00 a bushel at the average country point in the Prairie Provinces.

(Searle Grain Company, Ltd.)

THE PRESENT SITUATION OF THE PRAIRIE WHEAT GROWERS

The Pertinent Facts

1. Present price of No. 1° wheat to farmers at average country point is 51½ cents a bushel.
2. Similar price of No. 1° wheat in 1913-14 was 67¾ cents a bushel.
3. Price of wheat today, therefore, is 25% lower than in 1913-1914.
4. The cost of living and production for a prairie wheat growers' family, according to the Searle Index is 50% higher today than it was in 1913-1914.
5. U.S.A. Government has adopted the principle of the 1913-1914 parity, which means that agricultural products should have the same purchasing power now over the things that farmers have to buy as they had in 1913-1914.
6. For wheat in the U.S.A. to be at the 1913-14 parity would require a price of approximately \$1.22 in store Chicago. Today May wheat, Chicago, is actually \$1.19 a bushel.
7. For Canadian wheat to be at 1913-1914 parity would similarly require a price of about \$1.20 for No. 1 Northern in store Fort William. Today No. 1 Northern Fort William is 72⅔ cents a bushel.
8. A maximum of 223 million bushels has been set for the amount of wheat that Western farmers are permitted to deliver during this present crop year.
9. In order to narrow somewhat the wide gap that exists between the farmers' low income from wheat and the high cost of the things that farmers have to buy, the Government has given wheat growers certain bonuses which we estimate amount to 52 million dollars. (An additional 8 million dollars to farmers who grow grain other than wheat.)
10. Including these Government bonuses the total income from wheat during this present crop year will amount to about 152 million dollars, as compared with 234 million dollars revenue from wheat last year, and 441 million dollars in 1928.

A DISCUSSION OF THE SITUATION

A study of the above facts shows at a glance that our Canadian wheat growers are suffering from severe financial hardships, for not only is the price of wheat today 25% **less** than it was in 1913-14, but the costs of the vitally essential things farmers must buy to stay on their farms have **increased** by 50%. Groceries, clothing, household equipment, farm equipment, farm machinery and municipal taxes, which altogether cost an average farming family \$667.00 in 1913-14 today cost the farming family \$1,004.00 for the same quantity of goods of the same quality.

In addition to this price burden, our wheat growers have been handicapped because the amount they could offer for sale has been curtailed

by governmental regulations, and so their total revenue has been drastically reduced. It is obvious, therefore, that unless the cost of the things our wheat growers have to buy is considerably reduced, or unless the price of wheat rises somewhere near to parity level, our farmers will continue to have extreme difficulty in continuing wheat production and in maintaining their families at a reasonable standard of living unless, of course, the Government gives bonuses and grants that will considerably increase the wheat grower's income.

In these columns we have drawn attention to this situation time and time again for several years past, and as far back as 1930 we designed the Searle Index in order to keep in front of our farmers, and of the Government and others the difficulties of our farmers and the steadily rising costs of the things our farmers have to buy.

It is quite evident, however, that our Government fully realizes these difficulties, for on October 18th, the Rt. Hon. W. L. Mackenzie King, M.P., Prime Minister of Canada, made a broadcast which included the following statements:—

“It is recognized, however, that wheat and other non-perishable products, held in reserve, constitute an invaluable war asset. Agriculture itself is a national asset which must be preserved. . . Agricultural prices, with a few conspicuous exceptions, especially wheat, are higher today than they have been at any time during the past ten years. In cases where agricultural prices have not kept pace with increases in costs of production, measures are being taken to bring about a more satisfactory relationship . . .”

These quotations make it evident that the Government of Canada is seized first with the importance of the services of the wheat grower, and of the high value of our surplus of wheat, and secondly by the obvious fact that the wheat grower deserves and should receive further help.

SOME HELP HAS BEEN GIVEN

The wheat grower, however, has already received some help from the Government. There was the 30 million dollars given for wheat acreage reduction, and then the additional 10 million under the Prairie Farm Assistance Act, and now an additional bonus to all farmers of 20 million dollars, of which we calculate 12 million will accrue to wheat growers for acreage under wheat. Adding these bonuses to the 100 million dollars which our prairie farmers would receive from the sale of their wheat (200 million bushels at 50 cents a bushel) comes to a total sum of 152 million dollars which our wheat growers will receive this crop year, as compared, however, with 234 million which the wheat growers received last crop year—it was not considered that last year they received a sufficient income. (In 1928 receipts from wheat alone were 441 million dollars.)

It will be seen, therefore, that the total revenue to wheat growers for this present crop year will be 82 million dollars **less** than last year, which situation must result in serious difficulties to them. It is quite true that there are some wheat growers operating in areas where climatic conditions enable them to produce coarse grains and livestock, whose problems will be easier, because the prices of these particular products are on a satis-

factory level. On the other hand there are many of what are termed "straight wheat growers" who certainly still face, even after receiving the latest bonus, an extremely difficult situation.

In contrast to the low returns to wheat growers we might look at the high returns to industrial labor.

WHEAT GROWERS AND INDUSTRIAL LABOUR

The average hourly rates of industrial wages, as set out by the Department of Labour for 1940, were twice as high as, actually 104% higher than, in 1913-14, and in 1941 wages have been raised still further, and in addition industrial labour has received substantial "costs of living" bonuses.

Some say that it is not fair for the Government to give assistance to our wheat growers. With all courtesy, however, we draw **attention to** the fact that all the high wages and cost of living bonuses given to industrial workers who work directly and indirectly on war production, are themselves paid for by the Government, for the Government itself buys and pays for all the products of these workers.

Considering all this it certainly seems as though our wheat growers are deserving not only of all the assistance they are now receiving, but of any further help they may receive in addition in the future, for it must ever be remembered that the great markets of the world to which ordinarily our farmers would be selling their wheat, have been cut off by the war and by governmental policies which, of course, is all entirely out of the wheat growers' control.

(Searle Grain Company, Ltd.)

THE WHEAT GROWERS FINANCIAL CONDITION

The Research Department of the Searle Grain Company estimates that the revenue which will accrue to prairie wheat growers for wheat alone this year will be approximately 100 million dollars from the sale of wheat, 30 million dollars for acreage bonuses and 10 million dollars for P.F.R.A. bonuses or a total of about 140 million dollars. Naturally this is but an estimate, for no one can tell the full extent of the damage done by the recent rains, neither can anyone forecast exactly the amount of wheat that will be used for animal feed.

The same revenue for wheat alone which our wheat growers received last year, we calculate was 234 million dollars (in 1928 the revenue from wheat alone was 441 million dollars.) It will be seen, therefore, that our wheat growers will receive 94 million dollars less this year for wheat than they received last year.

Those who are producing substantial amounts of coarse grains for sale at the elevators, and those who are producing livestock and livestock products, will of course enjoy considerable additional revenue which added together may total more than the income from wheat. This extra revenue for coarse grains and livestock does not, however, assist those farmers who depend mainly or entirely upon wheat alone for their income, and there are large numbers of just such farmers. We suggest, therefore, that in all fairness the situation of the wheat growers should be considered by itself, and on its own merits. The reduction of 94 million dollars in revenue from last year is very serious indeed, for it certainly means that our wheat growers will have little if any money at all left over for payment of their debts and so forth, after they have paid their bare living and production expenses.

Our wheat growers it must never be forgotten have made a most important contribution toward the winning of this war by making available a large quantity of high quality wheat, so that the war efforts of Canada, Great Britain and their Allies are not likely to be hampered from the lack of bread, and this is a most important advantage that the Allies have over the Nazis and their Allies. If we wish to estimate the true military value of our wheat surplus, we have only to consider in our minds what Hitler would give for our wheat surplus if he could get it.

Taking all this into consideration, therefore, and with all due courtesy and respect, we take the liberty of suggesting to our Government that our prairie wheat growers are entitled to more assistance than at this moment of writing they are to receive.

It is interesting to note that one of the most eminent world authorities on the international wheat situation, Mr. Broomhall of London, said in an editorial in the "Corn Trade News" of August 27th as follows:—

"Farmers in producing countries would have legitimate cause for complaint if, in creating reserve supplies, the price level were allowed to suffer by an artificial disparity between supply and demand."

With Mr. Broomhall's conclusion we most heartily concur, for we all know that the disparity which exists today between supply and demand has not been brought about by the free and open market, but is entirely the result of highly artificial conditions.

(Searle Grain Company, Ltd.)

OUR WHEAT GROWERS NEED MORE HELP

"Our Canadian wheat growers are suffering from severe financial hardships for not only is the price of wheat today 25% less than in 1913-14, but the cost of the vitally essential things farmers must buy to stay on their farms have increased by 50%. . . During the past 11 years our farmers have delivered to market 3,084 million bushels of wheat. They have received for this in cash 1,709 million dollars. Had these bushels of wheat enjoyed the same purchasing power as a bushel of wheat did in 1913-14, according to the Searle Index our farmers would have been able to purchase additional goods, commodities and services, and paid debts to the additional value of 1,127 million dollars. Here we see in a nutshell the real cause of our farmers' troubles during the past 11 years. . . Our wheat growers today certainly need a great deal more help."

(Searle Letter Nov. 6th, 1941.)

WHEAT GROWERS ENTITLED TO MORE ASSISTANCE

"The Research Department of the Searle Grain Company estimates that the revenue that will accrue to prairie wheat growers for wheat this year will be about 140 million dollars or 94 million dollars less than they received last year. We take the liberty of suggesting, therefore, to our Government, that our prairie wheat growers are entitled to more assistance than at this moment they are to receive.

(Searle Letter Oct. 22nd, 1941.)

INDUSTRIAL WAGES 37% ABOVE "PARITY"; WHEAT PRICE 46% BELOW

"In Canada today the hourly rate of industrial labor is 37% above its purchasing power, but the price of wheat is 46% below such purchasing power of 1913-14 parity. The price of wheat today 1 Northern Fort William is 73 cents a bushel. To be at 1913-14 parity it would have to be \$1.20 a bushel. At Chicago today the price of wheat is \$1.18 a bushel. These figures show that the farmers of Western Canada are in a bad way and their condition is made considerably worse because of the lessened amount of wheat which by Government regulation they are permitted to market. Any warm-hearted person, therefore, cannot help but feel sympathy for our wheat growers, and certainly it would seem our wheat growers are fully entitled to further help from our Government.'

(Searle Letter Sept. 17th, 1941.)

WHEAT A VALUABLE MUNITION OF WAR

"Our prairie farmers have provided for the Allies a large and valuable reserve of the finest munition of war—wheat—but the price of 52 cents a bushel at the average country point is low and only affords a meagre living for our farming families. It will be observed, therefore, quite clearly and definitely, that while farmers are making great financial sacrifices to help to win this war, that industrial workers are actually receiving higher wages and so making profits from war work. The whole situation from the farmer's point of view certainly seems unjust."

(Searle Letter Jan. 8th, 1941.)

WHEAT SURPLUS A BLESSING

"I believe large surpluses of wheat will prove to be a blessing to us. Surpluses in the world's history always have been needed. The real problem is not to decrease acreage but to find ways and means of making wheat available to the hungry people of the world who will soon need it."

(Mr. A. L. Searle, Searle Letter Dec. 18, 1940.)

FARMERS DO NOT STRIKE

"The prices set by the Government for wheat are definitely below those prices that are necessary to return to our prairie farmers anything like a reasonable standard of living for their families. Our farmers are making severe sacrifices to produce wheat to help win the war. Our farmers neither strike nor slow down nor cease production."

(Searle Letter Dec. 4th, 1940.)

PRICE OF WHEAT SHOULD BE HIGHER

"At the present moment, as the Searle Index reveals, the cost of the things farmers have to buy is so high that the purchasing power of a bushel of wheat is only 72% of what it was in 1913-14. It is necessary, therefore, that the price of wheat should rise so that wheat will have the same purchasing power that it had in 1913-1914 and ever since then the cost of the things that farmers have to buy has been out of all proportion to the price that farmers have received for the products they have to sell."

(Searle Letter Feb. 21st, 1940.)

FARMERS ENTITLED TO COMPENSATION

"It is only simple justice that any scheme adopted by the Government must ensure adequate compensation to our farmers in this their hour of severe distress and need. The real problem is to secure markets for what the West is producing. These markets have been lost because of Canadian high tariffs. When these markets are regained the Western wheat growers will not need any further assistance from any one."

(Searle Letter April 19th, 1939.)

WHEAT PRODUCTION A VALUABLE ASSET TO CANADA

During the past 62 years our Western farmers have produced 8.9 billion bushels of wheat worth 10.2 billion dollars, which has brought into Canada from foreign countries in valuable foreign exchange 7.2 billion dollars. Surely this is a very material and valuable contribution to the welfare and to the standard of living of every man, woman and child in the whole of Canada, but our farmers are handicapped by high tariffs which make the things they have to buy cost too much. We suggest, therefore, that about 100 million bushels of surplus wheat might be exchanged for foreign goods that should be permitted to come in to this country for distribution to the farmers of the West entirely free of duty.

(Searle Letter March 15th, 1939.)

PRAIRIE FARMERS PAY BONUSES TO THE EAST

"We hear of objections from Eastern Canada to the giving of assistance to our Western farmers who certainly are in a bad way. This assistance is expected to be about 50 million dollars this year. We must remember, however, that Western Canada has been donating almost the same amount 50 million dollars each and every year to the manufacturing industries of Eastern Canada for many years past in the form of high prices Western farmers have had to pay for their goods as shown by the Searle Index of the result of high protective tariffs behind which many of our Eastern industries shelter."

(Searle Letter Feb. 16th, 1939.)

HELP TO WESTERN FARMERS AN INVESTMENT

"Our great Western wheat industry is of immense benefit to the Canadian people. I firmly believe, therefore, with all my heart that any sum expended by the people of Canada who have enjoyed reasonable prosperity to help their fellow citizens, the farmers of the West, in their time of distress, would be not an expense but rather an investment which in future years will bring considerable returns to all the people of Canada both East and West."

(Mr. A. L. Searle, Searle Letter Dec. 20th, 1938.)

HIGH WAGES OF INDUSTRIAL LABOR HARMS FARMERS

"The prices the farmers receive for the products which he has to raise are approximately 30% less than he received before the last war, while the hourly wages of industrial labor are now 82.9% higher than they were before the last war. This makes the cost of the things farmers have to buy far too high."

(Searle Letter Oct. 19th, 1939.)

THE SEARLE INDEX

"In order to show our prairie farmers how the cost of the things they buy has risen the Searle Grain Company since 1931 has been publishing the Searle Index, which shows the individual cost, month by month, of 147 items. The purpose of this index is to let the Government and others see the great burdens and difficulties under which our farmers labor. The index will be continued monthly."

(Searle Letter April 4th, 1938.)

HIGH COSTS OF PRODUCTION

A most important Commission on Dominion and Provincial Relations, as far as the interests of Western Canada are concerned, was recently appointed by the Dominion Government. There are vital matters which it is sincerely hoped the Commission will most carefully consider which do today adversely affect the welfare of Western Canadian farmers. One of the most important concerns the high prices of the things farmers have to buy which the Searle Index reveals to be 34% higher than the same items were before the war; this without taking into account the fact that the system of Canadian tariff protection made these goods still higher in 1913-14 than they should have been so that the real burden borne by farmers today, because of the high tariffs, is certainly greater than 34%.

(Searle Letter Oct. 21st, 1937.)

HARDSHIP ON OUR FARMERS

The Searle Index reveals that the cost of the things Western farmers have to buy (147 items) now stands at 30.6% higher than it did in 1913-14. It is an extraordinary thing but it is true nevertheless that most people in the world pay quick attention to things which affect their pocket book immediately, and which they can definitely see; but they are as a rule very indifferent indeed to similar hardships which may be placed upon them and which are not perfectly observable by the eye. This is probably the reason why our Western farmers complain whenever the price of their products fall and why farmers, their leaders, their associations and societies, fail to take very much interest in the fact that the costs of the things farmers buy rise which rising costs are just as harmful as would be a drop in the price of the things they sell.

(Searle Letter May 24th, 1937.)

FARMERS BADLY HIT

The Searle Index reveals that Western farmers and no doubt other farmers as well in Canada have been subjected to a severe hardship which one might even term without fear of exaggeration, a grave injustice; for the things which farmers have to buy today cost them on the average 29% more than these cost them before the war. We have calculated that in round figures Western farmers are paying about 60 million dollars a year in excess of what they paid in 1913-14 for the same quantity and quality of goods. This is a tax which we venture to say it will be almost impossible for agriculture to bear permanently. It is equal every year in cost to the worst rust scourge that has ever occurred in any one year.

(Searle Letter, November 19th, 1936.)

THE FARMERS' PURCHASING POWER

The Searle Index of the things Western farmers buy reveals that the cost of these things, 147 items are now 26% higher than they were in 1913-14.

For several years we have consistently maintained in these columns that even moderate prosperity could hardly be enjoyed by the bulk of the Western farmers **until the purchasing power of a bushel of wheat was at least equal to that which it had in 1913-14.** This means either that the price of wheat must advance 26% higher than it was in 1913-14 or that the cost of the things farmers have to buy would have to come down to the cost of the same items in 1913-14 or decrease by some 26%.

(Searle Letter, September 16th, 1936.)

THE FARMERS' PURCHASING POWER

The most important problem facing the farmers in the West to-day as revealed by the Searle Index is that the buying power of the farmers' income today is 20% less than it was before the war, which means that the farmers' bushel of wheat does not, to-day command anything like the same quantity of goods or commodities or services that it did in 1913-14. This important factor seems to have been almost entirely forgotten by the farmers of Western Canada. The serious suggestion is made by us that farmers might well request the Dominion Government to set afoot an enquiry into the details of the exact cause that brought about the increased prices of the many items the farmers buy. It is hoped in the meanwhile that the Searle Index will be of some service to those who are attempting to study ways and means to increase the wealth and welfare of the farmers of Western Canada.

(Searle Letter, February 20th, 1936.)

GOVERNMENT SHOULD PAY A REASONABLE PRICE FOR WHEAT

It seems fair to the producer that the Government, through the new Canadian Wheat Board, will work out some plan of paying to the farmer at least a minimum price for his wheat regardless of the price Canadian grain may command on the markets of the world. The ability to produce and sell a relatively large quantity of wheat, and by some method to obtain a reasonable price per bushel, seems vitally necessary at this time to provide sufficient income for the Western farming family.

(Searle Letter July 4th, 1935.)

1913-14 RELATIONSHIPS MUST BE RESTORED

With this letter we are publishing the details of the Searle Index which shows the cost of 147 representative items of things farmers buy expressed as a percentage of the cost of the same items in 1913-14. We feel that this index is substantially accurate as affording a picture of the fluctuations which have occurred yearly since 1913-14 in the costs of the things Western farmers have to buy. Our readers will remember that we have repeatedly put forth the contention that **reasonable prosperity will not be possible to Western Canadian farmers until prices of the things farmers sell and the cost to farmers of the things farmers buy assume approximately the same relationship as was the case in 1913-14—the base date of our index.**

(Searle Letter July 19th, 1935.)

REPRESENTING FARMERS' INTERESTS

At the recent annual meeting of the Canadian Political Science Association, a speaker ventured the opinion that the private grain trade, railways and other institutions were silent when the economic interests of the Western farmers were imperilled by proposed Government policies. The Searle Grain Company feels that it can fairly claim exemption to those who are alleged to fail to serve Western farmers. Five years ago our Company set up a Research Department for the particular purpose of endeavouring to assist farmers with problems which affect their welfare and which were quite unconnected with the actual grain handling business of the Company. The now internationally known and esteemed method of crop improvement termed "The Crop Testing Plan" is one of the fruits of this effort. We also respectfully draw attention to our Searle Index, which for several years as set forth periodically and in detail the increases which have occurred in the prices that Western Canadian farmers have to pay for most of the goods and products they purchase, as compared with the pre-war prices of 1913-14. Our Company for one has never ceased advocating that policies should be adopted by the Government that will tend to reduce the costs of the things farmers buy, and that otherwise will tend to increase the welfare and prosperity of the producer.

(Searle Letter Sept. 6th, 1935.)

THE MINIMUM PRICE FOR WHEAT

A minimum price of 87½ cents a bushel for 1 Northern in store Fort William has been set by the Grain Board. The price has met with general approval. The minimum price as set of 87½ cents is of particular interest to the Searle Grain Company for the reason that this is practically the exact price (87¾) that we ourselves adopted as a base for our Searle Index two and a half years ago, when wheat prices were at their very lowest. We used this particular figure of 87¾ cents a bushel because it was our opinion that this represented the lowest price farmers should receive and still stay in the business of wheat production. Our readers will remember that practically every month for the past 2½ years we have held this price of 87¾ in front of the farmers and of the public.

We note that some appear to be of the opinion that the setting of the minimum price will solve all the farmers' economic troubles. We suggest that farmers should not be deceived by such opinions for it is quite certain that the average wheat producer of Western Canada will be quite unable to make much headway out of the depression, and will be quite unable to pay his past debts even, with the price of 87½ cents, if the cost of the things he has to buy remains at the present high level. The Searle Index reveals that the prices of the things that farmers have to buy are now 24.5% higher than they were before the war. If these things remain at this level, for the average farmer of Western Canada to be even as well off as he was in 1913-14, then the price of wheat we calculate would have to be not far short of \$1.20 a bushel.

(Searle Letter Sept. 18th, 1935.)

PRICE RELATIONSHIP HARMING FARMERS

The Searle Index reveals that the purchasing power of a bushel of wheat or what it would exchange for at the average country point in Western Canada is only 60% of what it enjoyed in 1913-14, similarly the purchasing power of butcher steers is 59% higher, bacon hogs, 71% and of handyweight lambs, 80%. It is interesting to know that a similar Index published by the U.S. Dept. of Agriculture reveals that the purchasing power of that average products sold by the U.S. farmers over the things they have to buy for March was 76% of what it was in the pre-war years 1910-14. We have recently received some very complimentary comments on our Searle Farmers' Index. Our Index has been placed before the House of Commons Special Committee on Prices spreads and mass buying. It is printed in Hansard of No. 1A, Wednesday, April 18th, 1934. The picture which the Searle Index attempts to show is that the difficulties of the depression as far as price relationships are concerned are pressing heavily upon the farmers of Western Canada.

(Searle Letter, May 17th, 1934.)

1913-14 PURCHASING POWER WHEAT MUST BE RESTORED

When a bushel of wheat once again has the same purchasing power that it had in 1913-14 (it now has only 75% of this) then it means that the Western Canadian wheat grower who enjoys normal yields to the acre will purchase approximately the same quantity that it did in the years 1913-14, and during the period 1922-29. When the farmers' purchasing power is restored to the level of the 1913-14 or the average of the years 1922-29 then the depression will be practically over. The pre-war purchasing power for wheat can be brought either by the price of wheat rising about 26% higher than it is at this moment which would mean about \$1.10 a bushel, Ft. William, or by the price of things farmers have to buy falling by some 21% back to pre-war levels.

(Searle Letter, September 19, 1934.)

THE SEARLE FARMERS' INDEX

With this week's market letter is enclosed a chart which shows the variations of prices from 1914 to date of the wheat that Western Canadian farmers sell, and of the important things that farmers have to buy. A study of the chart shows that the price of wheat today is 66% below the 1913-14 level, but that the things which farmers have to buy are 32% higher than the 1913-14 level. Thus the purchasing power of a bushel of wheat today is only 27% of what it was in 1913-14. This all means that only about one quarter of the things that farmers normally purchase are being bought by them, which must mean that a considerable percentage of all those workers engaged in industry, transportation and distribution, must be unemployed because rural people form approximately 50% of the population of Canada. Hence it would seem to be apparent that the great inequality and disequilibrium that now exists between prices farmers receive for their wheat and the higher prices they pay for the goods they buy, must be an important factor in causing and prolonging the depression. **We venture to suggest that there can be no real prosperity in this country until the prices of the products the farmers sell, and of the things they buy come nearer together.** This can be brought about either by the price of wheat rising or by the price of the things farmers buy falling, or by both occurring somewhat so as to meet more nearly together at some common price level. Of the 146 items tabulated, the index shows that today there are certain items that are as low as, or lower than, the 1913-14 prices, such as sugar, beans, flour, prunes, canned tomatoes, jam and salt, gloves, mitts, rubber boots and lumber. Our investigation into prices and costs also shows that the price the farmer pays for marketing and storing his grain in country and terminal elevators has never been increased since 1914, and today is even somewhat lower than it was then.

The rate of interest on money is another item that was not raised after 1914 and today is at the same rate.

(Searle Letter Jan. 5th, 1933.)

MALADJUSTMENT OF PRICES

The Searle Index shows that the purchasing power of a bushel of wheat for the things farmers have to buy is only 60% of what it was in 1913-1914. This because the price of wheat at the country elevator is only 75% of what it was in 1913-14, and that the price of the things farmers have to buy is 24% higher than it was in 1913-14.

There is one standard which the Canadian wheat grower can use to determine for himself the value of his wheat. This standard is the amount of goods that the Canadian farmer's bushel of wheat will exchange for at his country point, or what might be termed the purchasing power of his wheat. A study of our index month by month will reveal the important necessity of correcting the great maladjustment that has taken place between the price of the things that farmers sell and the cost of the things they have to buy.

(Searle Letter Sept. 21st, 1933.)

FAITH IN WESTERN CANADA

For myself I believe the future of Western Canada to be a bright one. I can see no other point of view than that the world will not only need, but will ever demand the high quality wheat and other farm products that Western Canadian farmers can so well produce and I am convinced that in the long run, over a term of years, the prices obtained will be satisfactory to the producers.

During my fifty years of experience in grain handling and marketing I have seen the price of wheat at Chicago and Winnipeg rise at least ten times, at almost equal periods of time, over the dollar mark, and I have seen it similarly fall some ten times below the dollar mark. I have noted that usually, each time it rose above the dollar mark, many would say that never again in any man's lifetime would it drop down to the dollar—but it always did. Similarly, often when wheat dropped below the dollar many would say then, just as they are saying now, that never again would it rise up to the dollar mark—but again it always did. Is not this at least a fair indication that the price of wheat will almost certainly, in time, have a tendency to rise again to that same average figure of one dollar? Is there any good reason to suppose that these historical price events will not repeat themselves?

I have seen on this Continent in the past, times of great depression which involved serious and painful readjustments, but I have observed that the West has always, though sometimes slowly, yet none the less surely, come through these difficult periods. Our present troubles are severe; fundamentally, however, to my mind at least, excepting in degree they are no different from others that have occurred, and I cannot help but feel assured that this depression will be conquered and its effects overcome by the exercise of the same traits of courage, faith, fortitude, and sympathetic assistance one to the other that have always enabled us in the past to emerge successfully from similar troublesome times, and to pass forward to periods of even greater prosperity.

After fifty years of experience and observation of the West I retain today the same strong faith and confidence in the future of this country that I had as a much younger man, and I myself and my associates in the Searle Grain Company are still showing this faith in the most practical way we know by devoting our energies and our financial resources to the still further expansion of our business in Western Canada.

(Mr. A. L. Searle, President, Searle Grain Company, December 29th, 1932.)

